

EXHIBIT 18

1
2 UNITED STATES DISTRICT COURT
3 SOUTHERN DISTRICT OF NEW YORK

4 - - - - -x

5 SERGEY LEONTIEV,

6 Plaintiff,

Case No. 16-cv-3595

7 -against-

8 ALEXANDER VARSHAVSKY,

9 Defendant.

10 - - - - -x

11 December 20, 2016
12 9:35 a.m.
13

14 *** CONFIDENTIAL ***

15 Videotaped deposition of
16 KAMO AVAGUMYAN, taken by Plaintiff,
17 pursuant to Notice, held at the offices of
18 Roschier Asianajotoimisto Oy, Keskuskatu
19 7A, Helsinki, Finland, before
20 Sharon Lengel, a Registered Professional
21 Reporter, Certified Realtime Reporter, and
22 Notary Public of the State of New York.
23
24
25

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ALISA MELEKHINA, ESQ.

ALSO PRESENT:

DAVID ROSS ELLIOTT, Videographer
VICTORIA FRANTSEVA, Interpreter
VICTOR POTAPOV, Check Interpreter
VITALIY POPOV, ESQ.

* * *

1 K. AVAGUMYAN - CONFIDENTIAL

2 A. I work as the chairman of the
3 board of the company Akita.

4 Q. And what does Akita do?

5 A. It's a managing company which
6 manages the assets of the companies where
7 I'm also a shareholder.

8 Q. Who owns Akita?

9 A. I own Akita with my partner,
10 Varshavsky.

11 Q. How much of Akita do you own?

12 A. 50 percent.

13 Q. And Mr. Varshavsky owns
14 50 percent?

15 A. Yes.

16 Q. Is Aviron Automobile Group one
17 of the companies that Akita manages?

18 A. Yes.

19 Q. Do you hold any positions in
20 Aviron Automobile Group?

21 A. At this point, I do not.

22 Q. Have you ever held a position at
23 Aviron?

24 A. Yes.

25 Q. When and what position?

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2 A. Chairman of the board.

3 Q. When?

4 A. Starting about 2010.

5 Q. When was Akita formed?

6 A. Last year.

7 Q. Do you have an ownership
8 interest in Avilon?

9 A. I own 45 percent of Avilon.

10 Q. Who are the other owners of
11 Avilon?

12 A. Varshavsky, and we also have a
13 partner, Bakonenko.

14 Q. Anyone else?

15 A. These are the main owners.

16 Q. How much do Mr. Varshavsky and
17 Mr. Bakonenko own?

18 A. 25 percent each.

19 Q. You said you became chairman or
20 you were chairman of Avilon beginning in
21 about 2010.

22 Did you have a position at
23 Avilon before then?

24 A. I was a shareholder.

25 Q. When was Avilon formed?

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2 An economist and a attorney.

3 Q. Where were you working in 2008?

4 A. In 2008, I owned shares at ERK.
5 So I worked at ERK.

6 Q. What were you doing for ERK?

7 A. I had the same -- I had the same
8 responsibilities everywhere. I did not
9 tackle the operational side of the
10 business. I was the chairman of the board
11 of directors.

12 Q. Why was Akita formed?

13 A. To manage more effectively. And
14 as far as I know, there is a form of
15 governing a company and huge holdings like
16 that for a more effective management of
17 the other companies.

18 Q. Forgive me if I've asked this
19 already. But are the owners of Akita the
20 same as the owners of Avilon?

21 A. Akita is owned by me and
22 Varshavsky, and Avilon is owned also by
23 Igor Bakonenko.

24 Q. How do you hold your interest in
25 Akita?

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2 A. Through also and off-shore
3 company.

4 Q. Is it the same off-shore
5 company, Boncast?

6 A. (In English) No.

7 Q. What's the name of the company
8 that --

9 A. Max Bond.

10 Q. Max Bond?

11 Did you ever hold office as in
12 the -- in the general prosecutor's office
13 of Armenia?

14 A. No. I have never held an office
15 in the general prosecutor's office in
16 Armenia.

17 Q. You were not the deputy general
18 prosecutor of Armenia?

19 A. No. I have never been deputy
20 general prosecutor of Armenia.

21 Q. Have you discussed the subject
22 of this lawsuit with Mr. Varshavsky?

23 MR. SMITH: Objection to form.

24 A. He is aware that I was coming
25 here to testify. He knows that I will be

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2 testifying.

3 Q. Did you discuss what you would
4 say in your testimony?

5 A. We discussed that I will only
6 tell the truth and only the truth, and I
7 will answer truthfully to the questions
8 that the attorneys will ask me.

9 Q. Other than Aviron and ERK, have
10 you been in any other business ventures
11 with Mr. Varshavsky?

12 A. We do have another company right
13 now, and we're dealing in agricultural or
14 we're doing agricultural business.

15 Q. What is the name of that
16 company?

17 A. The name of the company is Agro
18 Invest.

19 Q. When was Agro Invest formed?

20 A. About three years ago.

21 Q. And are you and Mr. Varshavsky
22 the only owners of Agro Invest?

23 A. Yes, Mr. Varshavsky and I,
24 50/50.

25 Q. What is the business of Aviron?

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2 MR. SMITH: Objection to form.

3 A. It sells cars, also maintenance
4 and repairs.

5 MR. SMITH: Marshall, can we
6 clarify that one? You asked -- you
7 asked about Avilon. I think he's
8 already testified there are three
9 different Avilon companies.

10 MR. KING: Got it.

11 MR. SMITH: I think he may have
12 answered with respect to one of them.

13 MR. KING: Got it.

14 MR. SMITH: So --

15 MR. KING: Got it.

16 MR. SMITH: Thank you.

17 Q. The company that you just
18 described is Avilon Automobile Group?

19 A. (In English) Yes.

20 Q. And Avilon Plaza is a separate
21 company or -- strike that.

22 Avilon Plaza is a separate
23 company that is involved in real estate?

24 A. Yes.

25 Q. And Avilon Holding holds both of

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2 those companies; is that correct?

3 A. (In English) Yes.

4 Q. Does Avilon Holding own anything
5 else?

6 A. Avilon Plaza, Auto Logistics.
7 That's it. Maybe I'm forgetting
8 something. You know the structure of my
9 company better than me.

10 Q. I doubt that.

11 A. We also created a company, Agro
12 Firma, and -- which deals in animals --
13 agricultural animals.

14 Q. Did you personally have a
15 banking relationship with Probusinessbank?

16 A. I have -- I had a personal
17 relationship with Mr. Zheleznyak Alexander
18 Dmitrievitch, Probusinessbank's -- the
19 chairman of the board of Probusinessbank.

20 Q. And how do you know -- how did
21 you meet Mr. Zheleznyak?

22 A. I met him a very, very long time
23 ago, because the accounts of our company
24 were at Probusinessbank.

25 Q. Which company are you referring

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2 to?

3 A. Avilon.

4 Q. Did you ever borrow money in
5 your personal capacity from
6 Probusinessbank?

7 A. I have not personally ever taken
8 any loans from them.

9 Q. Did you personally have a bank
10 account at Probusinessbank?

11 A. Yes. I did have a credit card
12 with them.

13 Q. Did you ever introduce other
14 people or entities to Probusinessbank for
15 purposes of them obtaining credit from
16 Probusinessbank?

17 MR. SMITH: Objection to form.

18 A. There was one case. Yes.

19 Q. Who did you introduce to
20 Probusinessbank?

21 A. My school friend, he owns a
22 company named Paritet.

23 Q. And what is the name of your
24 school friend?

25 A. Ararat Arakelyan.

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2 A. I have promissory notes. If
3 that means lending, then yes. I have
4 promissory notes that have nothing to do
5 with Probusinessbank.

6 Q. What do you have promissory
7 notes related to?

8 A. I have promissory notes that I
9 received from the company called Life.

10 Q. What were the circumstances of
11 you receiving promissory notes from the
12 Life Group?

13 A. The history of those promissory
14 notes is as follows: Mr. Zheleznyak, with
15 whom I have been friends for a long time,
16 offered -- suggested that I invest my own
17 money into the Life Group, which was
18 controlled by him and his partner,
19 Leontiev.

20 The essence of the business was
21 that they dealt in trading business,
22 trading businesses. So they bought
23 shares, and then they played the stock
24 exchange and insured a very high interest
25 rate, much higher than if the money was

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2 simply invested into their bank. And
3 starting from 2010 or 2011, I started
4 investing into these projects, the
5 so-called promissory notes.

6 Q. So --

7 A. But I have never issued any
8 credits to Probusinessbank, never gave
9 them any loans.

10 Q. So sometime around 2010, you had
11 a conversation with Mr. Zheleznyak?

12 MR. SMITH: Objection to form.

13 A. Yes.

14 Q. Where did the conversation take
15 place?

16 A. In my office.

17 Q. Where was your office?

18 A. Avilon Plaza, same place where
19 Zheleznyak's office was.

20 Q. What did Mr. Zheleznyak tell you
21 about the Life Group?

22 A. He said that it's a financial
23 group outside of the bank, which they
24 formed together with Leontiev, and Sasha
25 Zheleznyak's function was to attract money

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2 into that group. And Mr. Leontiev's
3 function was to place the money and ensure
4 high percentage rates.

5 Q. Did Mr. Zheleznyak provide you
6 with any documentation concerning the Life
7 Group or its investments?

8 A. What kind of documentation do
9 you mean?

10 Q. Did he provide you any sort of
11 investment package or financial
12 information concerning the Life Group?

13 A. I saw something, but I cannot
14 recall at this point what exactly -- what
15 kind of documents exactly. I would like
16 to point out that Mr. Zheleznyak and I
17 were friends, and I trusted him very much.
18 Moreover, the accounts of our company were
19 at his bank, so we had no problems.

20 Q. He was asking you for an
21 investment from you personally; correct?

22 A. Yes.

23 Q. Did you decide to invest with
24 the Life Group?

25 A. Yes, I did, and I was very happy

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2 with it.

3 Q. Why were you happy with it?

4 A. Because they really provided
5 very high percentages, about 9, 10 percent
6 annually. And they paid out regularly.

7 Q. So the interest rate that was
8 being offered to you was higher than other
9 interest rates available to you for
10 investments?

11 A. At that time, yes.

12 Q. Did you understand that there
13 was any risk involved with these
14 investments?

15 A. There are always risks with
16 every business. But as far as I knew,
17 Leontiev was a pretty successful trader,
18 and people said that he was good at buying
19 high-liquidity papers, at least in
20 different networks. That's what people
21 talked about.

22 Q. Did you ask Mr. Zheleznyak for
23 any information about what kinds of
24 securities Financial Group "Life" was
25 investing in?

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2 MR. SMITH: Is there a time
3 period for that question or at any
4 time?

5 Q. At the time that you first
6 invested with him.

7 A. We were talking about the shares
8 of very large American companies, like
9 Apple and many others, very famous, and
10 heard of -- Facebook, I think, huge
11 companies. And he said that Leontiev was
12 a very experienced professional. I had no
13 reason to believe that it wasn't so,
14 because they were successful, and their
15 bank was very successful. So everything
16 went very well.

17 Q. How much money did you invest
18 with him?

19 A. I started investing 1 million or
20 2 million at a time. And from 2010,
21 altogether, I invested about \$20 million
22 and about 5 million Euros, which have
23 not -- which was not returned.

24 Q. How physically did you make the
25 investment? How did you transfer the

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2 money to Financial Group "Life"?

3 A. Physically, it happened in this
4 way. I gave the money in cash at my
5 office in portions that, at that time,
6 were supposed to be invested. Usually,
7 two of the employees of the company came
8 to my office for the money. It was -- for
9 the most part, it was Yanna Krisiuk and
10 Natalia Abramova. They were at our office
11 also.

12 They were renting -- they were
13 renting an office at our building. And
14 they came from the second floor of their
15 office to my office on the 19th floor.
16 They took the money, and they went back to
17 the second floor. In return, I received a
18 promissory note for the amount that I
19 issued at the time -- I gave them at the
20 time.

21 Q. So you handed Ms. Krisiuk or
22 Ms. Abramova a million dollars in cash?

23 A. Yes.

24 Q. Why did you do it in cash?

25 A. Because, initially, that was a

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2 wish -- it was a wish from Zheleznyak,
3 that it would be easier for them to deal
4 in cash. And secondly, in Russia, there
5 is no ban on cash -- on using cash, so I
6 thought it was a normal procedure. What
7 they did with the money further, I do not
8 know. They could have taken it and put it
9 into some accounts or invested. I am not
10 aware of what happened later.

11 Q. And so when you made your first
12 million-dollar investment, you had a
13 million dollars in U.S. cash sitting in
14 your office.

15 A. Yes. I collected cash.

16 Q. And was the money contained --
17 placed in any sort of container when you
18 passed it on to Ms. Krisiuk or
19 Ms. Abramova?

20 A. Physically, it was just put in a
21 bag. And Krisiuk came with a -- with a
22 guard, took the bag, and used the elevator
23 to go to the second floor.

24 Q. And did she hand you back a
25 promissory note at the same time that you

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2 handed her the cash?

3 A. Yes.

4 Q. So she came with a promissory
5 note and handed it to you at the same time
6 she took the cash from you.

7 A. Sometimes. And then sometimes,
8 I gave them the money, and then they
9 brought back the promissory notes in the
10 evening, because we were in the same
11 building. For the most part, Krisiuk was
12 the lady that I dealt with. Abramova was
13 sometimes also the contact person, but
14 mostly Krisiuk.

15 Q. How was the interest rate for
16 the notes decided upon?

17 A. Zheleznyak and Leontiev agreed
18 upon it, usually. Sometimes we
19 negotiated; they offered 8 percent or 9,
20 and I wanted 10. And then Krisiuk took a
21 break, and she went and discussed it with
22 Zheleznyak and Leontiev. And sometimes
23 Zheleznyak called me directly and said, "I
24 cannot give you 10, but I can give you 9."
25 So it was a negotiation, the process of

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2 negotiating.

3 Q. Who decided that you would
4 receive a promissory note in exchange for
5 your investment?

6 A. I did not -- I did not
7 understand the question.

8 Q. Did you discuss with
9 Mr. Zheleznyak whether you would enter
10 into a loan agreement with Financial Group
11 "Life"?

12 A. I don't remember signing
13 anything.

14 Q. Did you discuss with him whether
15 you would enter into a loan agreement?

16 A. I cannot recall anything like
17 that.

18 Q. How was it decided that you
19 would get a promissory note? Did you ask
20 for a promissory note, or did he offer you
21 a promissory note?

22 A. No. He offered promissory
23 notes. This was the kind of investment
24 where I give the money, and they provide
25 the interest rate outside of the bank.

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2 And the promissory note was the document
3 that -- that showed that I gave them that
4 money.

5 Q. Were the promissory notes issued
6 to you?

7 A. No. They were issued to my son.

8 Q. Why?

9 A. That was my decision, because I
10 took it as the money that I wanted my son
11 to inherit. This money was -- this money
12 was not used for any other purposes. It
13 was just a -- the money designated for my
14 son, like an inheritance. Somebody buys a
15 house for their son, somebody buys a car,
16 and somebody a promissory note. I decided
17 to buy promissory notes and leave them for
18 my son. And, naturally, my son knew about
19 the existence of these promissory notes,
20 but I kept them.

21 Q. Do you have any other children?

22 A. Yes. I have another son.

23 Q. And did you obtain promissory
24 notes in the name of your other son?

25 A. No.

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2 Q. How often was interest paid on
3 the notes?

4 A. Every month, one time per month.

5 Q. And to whom was the interest
6 paid?

7 A. Personally to me. Krisiuk
8 brought it.

9 Q. In what form did she bring it?

10 A. Same, in cash. Same as I gave
11 them the investment money, same way they
12 brought me back the interest.

13 Q. Did you pass the interest on to
14 your son?

15 A. No. I collected it, and, as I
16 collected an X amount of money before the
17 next million, then I invested it back
18 again, and I bought another promissory
19 note with it. Most of the promissory
20 notes were for \$1 million, maybe a little
21 bit more or a little bit less sometimes,
22 depending on how much free cash I was able
23 to collect.

24 Q. Did you and Mr. Zheleznyak
25 discuss the term of the investment, how

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2 promissory notes when you received them?

3 A. I put them in my safe.

4 Q. You have a safe in your office
5 at Avilon Plaza?

6 A. Yes.

7 Q. Do you still have copies of
8 promissory notes in that safe?

9 A. Yes.

10 Q. Did you keep any record of how
11 much in interest you received on the
12 promissory notes?

13 A. Can you re-ask the question,
14 please, in different way?

15 Q. Sure.

16 A. Because I received as many
17 percent as it said. Some of the money I
18 spent; some of the money I collected
19 again, and then I gave it back to them.

20 Q. Did you keep track in -- on any
21 document of the interest that you were
22 supposed to receive and the interest you
23 did receive?

24 A. No, I do not -- no, I do not
25 have a document. I always received the

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2 money on the same day that it was
3 promised. Yanna Krisiuk came up in the
4 elevator with the money, and I either
5 spent it or saved it, collected it for
6 future investments. I liked that
7 business.

8 Q. Did you have any involvement in
9 Aylon granting loans to a company called
10 Ambika?

11 A. Like I said before, I did not do
12 any operational management. That's why I
13 did not get involved in any kind of
14 signing of agreements or anything like
15 that. The management dealt with that.
16 But I am aware of the situation that we
17 had a history of interaction with Ambika,
18 which, just like Life Group, was under the
19 control of Zheleznyak and Leontiev.

20 Q. When did you learn about Ambika?

21 A. Maybe five years ago. I don't
22 remember exactly.

23 Q. And who told you that it was
24 under the control of Zheleznyak and
25 Leontiev?

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2 A. Zheleznyak personally talked
3 about it.

4 Q. What were the --

5 A. Because I have never dealt with
6 Leontiev personally. Moreover, our
7 management worked with their management,
8 and all the conditions were discussed with
9 Zheleznyak also.

10 Q. Okay. How do you know that?

11 A. I know because of our management
12 stories, because they invested, and they
13 also paid all the interest timely to the
14 company. This was not in cash. This was
15 under the control of our financial unit
16 and the auditors.

17 Q. When did you learn for the first
18 time that Avilon made a loan to Ambika?

19 A. About five years ago.

20 Q. Who told you?

21 A. The management.

22 Q. Who?

23 A. We have the financial unit.

24 Q. Who?

25 A. We have Monakhova, and also I

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2 Q. Did Mr. Varshavsky ever tell you
3 that some of the money that Aviron
4 invested with Ambika came from European
5 Realty Corporation?

6 MR. SMITH: Objection to form.

7 A. Can you repeat the question,
8 please? I didn't understand it quite.

9 Q. Did Mr. Varshavsky ever tell you
10 that some of the money that Aviron
11 invested with Ambika originally came from
12 European Realty Corporation?

13 MR. SMITH: Objection to form.

14 A. I cannot recall a conversation
15 like that.

16 Q. Going back to the promissory
17 notes that you received in exchange for
18 your money, did you have any discussion
19 with Mr. Zheleznyak about whether
20 repayment would be guaranteed by anybody?

21 A. Naturally, Zheleznyak always
22 said that he personally guarantees this
23 money, and Leontiev personally guarantees
24 this money. And also, at the same time,
25 it was said several times that this money

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2 has nothing to do with the bank, because
3 otherwise, it would have been easier for
4 me to go and deposit the money into the
5 bank and get not 10 percent but 3 percent
6 on the money. And I had no reason not to
7 trust them, because they were partners.

8 Q. Did you ask Mr. Zheleznyak to
9 put those guarantees in writing?

10 A. It was enough for me that he
11 signed the promissory notes himself as
12 Zheleznyak Alexander Dmitrievitch.

13 Q. Did you ask him to get
14 Mr. Leontiev's guarantee in writing?

15 A. We had a conversation like that,
16 but he said that it was enough that I
17 personally guarantee the money. He is my
18 partner, 50/50, and we have -- each one of
19 us has responsibilities within the
20 company. I collect the money, and he
21 invests it.

22 Q. This was all part of the
23 original discussion that you had before
24 investing with Financial Group "Life"?

25 A. Yes.

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2 Q. How long did the original
3 discussion take?

4 MR. SMITH: Objection to form.

5 A. Are you talking about minutes or
6 hours or days?

7 Q. That's what I'm talking about.
8 How long did it take?

9 A. We -- we periodically talked
10 about my investments with him, because we
11 were friends. I always asked him how is
12 it going, how is the market, how are the
13 investments, and he kept telling me that
14 Leontiev is doing really well, and he is
15 buying very good papers. Mr. Zheleznyak
16 and I have been friends. We're still
17 friends, family friends. He came to the
18 wedding of my son. I came to all of his
19 family holidays. And, to this day, I
20 consider him my friend.

21 Q. Did you and Mr. Zheleznyak
22 discuss whether Probusinessbank would
23 guarantee repayment of the promissory
24 notes?

25 A. That there was no sense in doing

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2 Q. At any point in time, did you
3 and Mr. Zheleznyak discuss whether
4 Probusinessbank would guarantee repayment
5 of the notes?

6 A. No. We have never talked about
7 the bank. I understood that the bank
8 could not guarantee the promissory notes,
9 and that's why we never did discuss with
10 the bank, and I understood why I was
11 getting interest so high. They were
12 higher than the bank percentage rates --
13 interest rates.

14 Q. I think we discussed earlier
15 that each of the notes was issued for a
16 term of one year.

17 Do you recall that?

18 A. Yes.

19 Q. And, occasionally, you would ask
20 to have the principal repaid, but
21 sometimes you would ask to have a new note
22 issued; correct?

23 A. Yes. So we would extend it.

24 Q. How did that work mechanically?

25 A. So when the term -- so when the

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2 term of validity was close to expiring on
3 the promissory note, either Zheleznyak
4 called me or Yanna Krisiuk came to me and
5 asked me, "Shall we return the money?"
6 And if I needed the money at the time,
7 then I took the money back; so they
8 brought it back in a bag. But if I didn't
9 need the money, then they prepared a new
10 promissory note for a new date for one
11 year and took the old promissory note
12 back -- I mean, the original.

13 Q. Did you make copies of any
14 expired promissory notes?

15 A. I have always had copies,
16 because they brought an original and a
17 copy. But I didn't keep the copies. So
18 when the term expired, they took the
19 original back, and they gave me a new
20 original of the promissory note. So the
21 old one -- the copy of the old one I did
22 not need. So I destroyed them. I did not
23 keep them.

24 Q. Did you ever give copies of the
25 notes to your son?

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2 A. I showed them to him, but I kept
3 them in my safe.

4 Q. I'd like to show you what we've
5 previously marked as Plaintiff's
6 Exhibit 2.

7 What you have there,
8 Mr. Avagumyan, is a series of promissory
9 notes. The originals are in Russian, and
10 there's a translation of each that goes
11 with it.

12 So the first page is English --
13 an English translation of the second page,
14 the third page is an English translation
15 of the fourth page, et cetera.

16 Could you take a look at the
17 Russian versions and tell me if you
18 recognize these as the promissory notes
19 that you had issued in the name of your
20 son from Financial Group "Life."

21 MR. SMITH: Objection to form.

22 A. Yes. Do you want me to look
23 through all of them?

24 Q. Please.

25 A. (Witness perusing document.)

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2 Yes. These are the ones.

3 Q. Do you know whether any of these
4 have been paid back?

5 A. I cannot remember exactly which
6 ones were paid back and which ones were
7 extended. They either paid or they
8 extended. So I don't understand what is
9 the essence of the question.

10 Q. Are there some notes that are
11 still outstanding?

12 MR. SMITH: Objection to form.

13 A. All of these -- all of these
14 promissory notes are outstanding. I have
15 to -- I have to maybe get a calculator and
16 count them up, but I have the originals in
17 my safe at home. I have about \$20 million
18 of outstanding promissory notes and 5
19 million Euros' worth of outstanding
20 promissory notes. Those are all
21 outstanding.

22 Q. Did there --

23 A. And they were issued a year or
24 two ago.

25 Q. Did there come a point in time

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2 when Financial Group "Life" stopped paying
3 interest on the notes?

4 A. They stopped paying when they --
5 when they left Russia in August. I think
6 it was August.

7 Q. Of 2015?

8 A. In 2015, they left. First,
9 Zheleznyak left. Sorry. First, Leontiev
10 left, and then Zheleznyak left as well.
11 And practically from September, I stopped
12 receiving interest and, of course, the
13 money as well. So as of today, all of
14 these are expired. So I do not have the
15 money; only the paper.

16 MR. SMITH: I think there may be
17 a translation problem. Could he be
18 asked to repeat the last few sentences
19 of the answer?

20 A. As of today, all the promissory
21 notes are outstanding, so I did not
22 receive the money that I was supposed to
23 receive for these promissory notes,
24 because the terms -- the validity expired.

25 Q. I understand.

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2 MR. KING: I think it's clear,
3 but -- is it past due?

4 MR. SMITH: Yeah. I think it's
5 past due.

6 MR. KING: Past due?

7 MR. SMITH: Yeah.

8 MR. KING: Fine.

9 MR. SMITH: Thank you.

10 Q. Up until last August of 2015,
11 Financial Group "Life" was current with
12 respect to its interest payments?

13 A. Yes, it was. And Yanna brought
14 the money, like she did before. And I
15 have to check, but in May or June, I also
16 made investments. I have to check the
17 promissory notes.

18 Q. When you received the promissory
19 notes from Ms. Krisiuk, did you read them
20 to make sure they were accurately
21 reflecting the terms of your loan?

22 A. The thing that I paid attention
23 to was the interest, which I always
24 communicated verbally -- communicated
25 verbally with Zheleznyak.

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2 Q. Were there ever occasions when
3 there was a mistake on the promissory note
4 that had to be corrected?

5 A. No. There were no mistakes.
6 But -- and I will have to check on that
7 for sure. But on the last few promissory
8 notes, instead of the Financial Group
9 "Life," there was listed another company.
10 I noticed that it was not Life Financial
11 Group but another company. I asked Yanna,
12 and she said that it was also their
13 company, because they did an internal
14 restructurization of the companies, that
15 it's a company similar to Life, which is
16 also personally controlled by Zheleznyak
17 and Leontiev, after which I made a call to
18 Zheleznyak, who confirmed this information
19 and said it was their company, that it did
20 not -- that it should not matter to me
21 if -- if Life Financial Group was listed
22 on the promissory note or Vinnor. I think
23 that was the name of their new company,
24 Vinnor.

25 Q. Vennop?

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2 A. I think it's in one of their
3 promissory notes.

4 MR. KING: Let me show the
5 witness, just so we aren't struggling
6 with this, Exhibit 3 that was marked
7 previously.

8 Q. Mr. Avagumyan, perhaps you want
9 to look at Exhibit 3, which is four notes
10 issued by Vennop Trading Limited in the
11 name of your son, along with English
12 translations.

13 Are these the notes that you
14 were referring to?

15 A. Yes. So these were the last
16 promissory notes.

17 Q. And after Mr. Zheleznyak
18 explained that it shouldn't matter, did
19 you say anything to him?

20 A. No. It was enough for me that
21 he confirmed that it was his and
22 Leontiev's company.

23 Q. Could you go back to Exhibit 2,
24 please. And I'd like you to look at -- at
25 the fourth promissory note in Exhibit 2.

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2 to do with this promissory note or these
3 promissory notes.

4 Q. And you knew that because
5 Mr. Zheleznyak told you that the bank had
6 nothing to do with it?

7 A. Definitely so. He said that the
8 only two people that have anything to do
9 with it are him and his partner, Leontiev,
10 who have a business outside, personal
11 business outside of the bank.

12 Q. Did you ever ask Mr. Zheleznyak
13 to get Mr. Leontiev to sign a guarantee in
14 writing for these notes?

15 A. No. I have never asked him
16 about this.

17 Q. Have you ever seen a guarantee
18 in writing from Mr. Leontiev for these
19 notes?

20 A. No.

21 Q. As I understand it, you were
22 comforted by seeing Mr. Zheleznyak's
23 signature on these notes. You thought
24 that was good enough?

25 A. Yes. I thought it was good

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2 enough, because I knew that they were
3 partners. And taking into account the
4 fact that the interest was paid every
5 month without any delay, over a period of
6 time of several years, I had no reason to
7 believe that -- I had no reason not to
8 believe that -- that Leontiev does not
9 have anything to do with the money,
10 because when I was brought interest by
11 Yanna Krisiuk or Abramova, they always
12 told me how successful and smart their
13 investor and boss, Leontiev, was, because
14 Leontiev was the one who managed my money,
15 and the girls were proud, and they boasted
16 about it.

17 Q. They brought interest to you
18 every month for four or five years?

19 A. Yes.

20 Q. And every month, they mentioned
21 Mr. Leontiev?

22 A. No. I would not say it was
23 every month. But we could have a
24 conversation about it every -- maybe two
25 or three times a year, especially when the

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2 promissory note's term of validity was
3 close to expiring, and I was -- and I had
4 to deal with the question whether I should
5 extend it or cash out.

6 Q. Could you go back to Exhibit 3,
7 please, the Vennop notes.

8 Does Mr. Zheleznyak's signature
9 appear on those notes?

10 A. No.

11 Q. Do you know who Mr. Zvyagin is?

12 A. In the words of Abramova,
13 Krisiuk, and Zheleznyak -- and Zheleznyak,
14 this is the director of that new company.
15 But I do not know Zvyagin myself. I have
16 never seen him.

17 Q. Did you ask any of
18 Mr. Zheleznyak or Ms. Abramova or
19 Ms. Krisiuk about what business Vennop was
20 in?

21 A. Yes, I did, and they said that
22 it's exactly the same business as Life
23 Group.

24 Q. Did you ask to see any
25 documentation about Vennop or any

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2 financial statements of Vennop?

3 A. No. I probably would have
4 asked, but I did not manage to, because
5 right after this, they started getting
6 into problems, and they all left. These
7 last promissory notes are dated by June or
8 July, so these last investments I made
9 right before they left. And this says
10 that I really believed in them, despite
11 any rumors that they had problems.

12 Q. Were you --

13 A. I invested money into their
14 company that they controlled practically
15 two months before they all left.

16 Q. Were you aware of any rumors
17 that there were problems at Financial
18 Group "Life"?

19 MR. SMITH: Objection to form.

20 A. No.

21 Q. You said --

22 A. I have not heard anything. To
23 my question why this is not Life, they
24 said that they had an internal
25 restructuralization, and they tried to

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2 minimize expenses and optimize something,
3 so... and it changed nothing for me,
4 because it was the same people, same
5 faces.

6 Q. Did you ever come to learn that
7 Financial Group "Life" had been
8 liquidated?

9 A. I did not know anything about
10 that.

11 Q. Sitting here today, have you
12 ever heard that it had been liquidated?

13 A. I don't know -- I do not know
14 the legal status of this company right
15 now. I know that the license has been
16 revoked, and all of them after that. But
17 I do not know what the legal status of
18 Life is at this point. I have -- I have
19 not been checking on the situation.

20 MR. SMITH: There may be a
21 translation issue. I think where it
22 says, "The license has been revoked,"
23 he may have said that it was the
24 bank's license that had been revoked.

25 THE INTERPRETER: The bank's

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2 license has been revoked.

3 MR. KING: Is that what he said?

4 THE INTERPRETER: I missed the
5 word "bank."

6 MR. KING: Okay. I'll try and
7 clarify.

8 Q. Let me go back to my original
9 question.

10 Have you ever heard that
11 Financial Group "Life" has been
12 liquidated?

13 A. No.

14 Q. You did hear that
15 Probusinessbank had its license revoked;
16 correct?

17 A. Yes. Yes. Naturally, it was
18 talked about, and the accounts of my
19 company were at Probusinessbank.

20 Q. Did you understand that the
21 revocation of Probusinessbank's license
22 had anything -- any effect on the status
23 of Financial Group "Life"?

24 A. First of all, I do not think so,
25 because I knew that Financial Group "Life"

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2 or --

3 MR. SMITH: That would be great.

4 THE VIDEOGRAPHER: Okay. This
5 is the end of Media 2, Volume I.
6 We're going off the record at
7 12 minutes past 12:00 p.m., as
8 indicated on the video screen. Thank
9 you.

10 (Recess)

11 (Plaintiff's Exhibit 47, A
12 promissory note, Bates SL0000024, was
13 hereby marked for identification, as
14 of this date.)

15 THE VIDEOGRAPHER: This is the
16 beginning of Media 3, Volume I, in the
17 video deposition of Mr. Kamo
18 Avagumyan. We're back on the record
19 at 12:29 p.m., as indicated on the
20 video screen.

21 BY MR. KING:

22 Q. Who is Diana Karapetyan?

23 A. I do not know.

24 Q. Do you know anyone named
25 Karapetyan?

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2 MR. KING: The word "assign" was
3 translated as something else?

4 MR. SMITH: Well, I think it was
5 "assigned" -- "assigned the right to
6 collect the documents."

7 MR. KING: Oh, all right.

8 MR. SMITH: So it's kind of a
9 different question.

10 MR. KING: We'll --

11 MR. SMITH: You might want to
12 re-ask your question.

13 MR. KING: I will re-ask. I do
14 see that it was -- in English, at
15 least, it's that way.

16 THE CHECK INTERPRETER: It's
17 ambiguous.

18 MR. KING: Okay.

19 BY MR. KING:

20 Q. Your son had a right to collect
21 money from Financial Group "Life" under
22 the promissory notes; correct?

23 A. Correct.

24 Q. Did your son ever legally assign
25 the right to collect the money under the

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2 notes to Mr. Varshavsky?

3 MR. SMITH: Object to form.

4 Foundation.

5 A. My son nominally owns these
6 promissory notes. I managed the
7 promissory notes. They're in my safe. He
8 never managed them himself. And I asked
9 Varshavsky to when he's in the
10 United States, and I knew that the legal
11 proceedings were starting -- his legal
12 proceedings were starting.

13 And I did ask him to touch on
14 the questions that concerned my personal
15 money. I don't think that, between me and
16 my partner, we have to sign any kind of
17 legal documents regarding this request.

18 Q. Who has the right to collect the
19 money that is owed on the notes?

20 MR. SMITH: Objection to form
21 and foundation.

22 A. The whole time, I was the one
23 getting -- collecting the money. So I
24 think I have the right to collect the
25 money.

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2 Q. You didn't give that right to
3 Mr. Varshavsky, did you?

4 MR. SMITH: Objection to form.

5 A. No. I gave him -- I gave him
6 the right, because if he can collect the
7 money on the territory of the
8 United States, I am satisfied with this
9 outcome, because the money is in the USA
10 jurisdiction.

11 Q. Do you have an agreement with
12 Mr. Varshavsky that if he collects the
13 money, he will pay it over to you?

14 A. I have a verbal agreement with
15 him, yes.

16 Q. When you communicate with
17 Mr. Varshavsky, do you do so -- do you
18 ever do so by email?

19 A. No, practically not, very
20 rarely, because our offices are next to
21 each other, and if I'm not at my office,
22 then we talk on the phone.

23 Q. Do you ever text with him?

24 A. Yes, I do.

25 Q. What text messaging app do you

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2 that schedule. I saw only -- I saw only
3 drafts. But I never received a signed
4 document.

5 Q. Okay.

6 MR. KING: Let's mark this as
7 the next exhibit in order.

8 (Plaintiff's Exhibit 52, An
9 email dated September 1, 2015, Bates
10 AVPE0001262, was hereby marked for
11 identification, as of this date.)

12 Q. Exhibit 52 is an email dated
13 September 1, 2015, with an -- with an
14 attachment. The original Russian begins a
15 few pages in.

16 Is this an email that you
17 received from Ms. Malygina on or about
18 September 1st of 2015?

19 A. Well, if my name is listed among
20 the people that it was mailed to, then I
21 received it.

22 Q. Okay. Ms. Malygina was asking
23 you to check the amounts.

24 Do you see that?

25 A. Yes. Yes. I see it. I see the

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2 sums here that are mine including --

3 including mine.

4 Q. Okay. Let's talk -- which ones
5 do you think are yours?

6 A. From Line 1, where it says
7 "Customer A K KAM," these are all mine.
8 And in the middle, where it says "Value of
9 Agreement," there, it lists \$20 million
10 outstanding and 5 million Euros
11 outstanding.

12 Q. And those you think are the
13 notes that were issued in the name of your
14 son?

15 A. Yes. Yes.

16 Q. Do you see, above the entries
17 for Customer A K KAM, there's an entry for
18 Customer Y?

19 Do you know who that is?

20 A. No. I have no idea. There's
21 Avilon Plaza here, that I see the Avilon
22 Automobile Group. But what is Customer Y?
23 I don't know.

24 Q. And do you see, after the table
25 that shows the notes that were issued in

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2 promissory notes from Ambika?

3 A. I do not know.

4 Q. Who do you think is responsible
5 for paying -- repaying the money that was
6 loaned under the promissory notes?

7 A. You mean my promissory notes.

8 Q. Yes.

9 A. I think that Zheleznyak and
10 Leontiev are responsible.

11 Q. Why?

12 A. Both.

13 Q. Why?

14 A. Because these are the two
15 partners that attracted -- that took my
16 money, and Zheleznyak took my money, and
17 Leontiev invested it. He managed it. And
18 they paid the rate of return on a regular
19 basis to me.

20 Q. Don't you --

21 A. And it's my firm convictions
22 that both Zheleznyak and Leontiev owe the
23 money to me.

24 Q. Did you have a discussion with
25 Mr. Zheleznyak recently about a recording

CERTIFICATION

I, SHARON LENGEL, a Notary Public for
and within the State of New York, do
hereby certify:

That the witness whose testimony as
herein set forth, was duly sworn by me;
and that the within transcript is a true
record of the testimony given by said
witness.

I further certify that I am not
related to any of the parties to this
action by blood or marriage, and that I am
in no way interested in the outcome of
this matter.

IN WITNESS WHEREOF, I have hereunto
set my hand this 29th day of December,
2016.



SHARON LENGEL